GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:578
ANSWERED ON:05.05.2000
INCENTIVE ON GPE AND SAVINGS ACCOUNTS
SUSHIL KUMAR SAMBHAJIRAO SHINDE

Will the Minister of FINANCE be pleased to state:

(a) whether any scheme of incentives has been worked out to counter the disincentives raised by lowering of interest on Savings Accounts and General Provident Fund, in respect of savings of workers and the common man;

(b) if so, the details thereof and if not, the reasons therefor; and

(c) the over all percentage loss of interest to an average worker caused by such disincentives during the last three years ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI BALASAHEB VIKHE PATIL)

(a) and (b) No, Sir. The rates of interest on small savings schemes and General Provident Fund have been marginally reducedso as to align them with the overall interest rate structure in the country. The existing incentives including risk free returns, tax concessions and easy accessibiliy continue to boost investor confidence with the result that deposits in small savings schemes have increased even after the rates of interest have been reduced.

(c) The lowering of interest rates on GPF and Small Savings must beweighed against the larger benefits that will accrue due to the expected growth in the economy.